

**FINAL AGENDA
2002 NEGOTIATED RULEMAKING
LOAN ISSUES COMMITTEE (COMMITTEE I)**

24 Issues

Quick Fix	Origin	Regulatory Cite	Statutory Cite	Suggested Change	ED Notes
Yes	FED UP #4	FFEL Eligible Lender 682.200 (b)		Revise the definition of lender to provide that loans held in trust are not considered part of a lender's consumer credit function in determining whether the lender has exceeded the limit of one-half of the lender's combined consumer credit portfolio in the regulations.	
Yes	FED UP #13	Perkins Promissory Notes 674.42(a)(10)		Revise the current regulations that require an institution to provide a copy of the note as part of its repayment information or during the exit interview. The institution would only need to provide the borrower with contact information for requesting a copy of the note.	
	FED UP #14	Perkins Late Charges 674.43(b)(2)		Make the assessment of late charges optional instead of mandatory.	
	FED UP #16	Perkins Litigation 674.46(a)(2)		Raise the litigation threshold to \$1,000 then permit, but do not require, litigation. Delete requirement for an annual evaluation.	
	FED UP #17	Perkins Rehabilitation of Loans 674.39(a)	HEA 464(h)	Prohibit rehabilitation on loans for which a judgement has been rendered.	

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Yes	FED UP #20	Perkins Write-offs 674.47(h)		Increase the maximum loan write-off from \$5 to \$25 to conform with the standard that a loan must be at least \$25 to be assigned to the Department.	
Yes	FED UP #21	Perkins Credit Bureau Reporting 674.45(a)(i)		To avoid perceived conflict between regulatory provisions, revise the regulations to clarify when a borrower's default status is to be reported to at least one national credit bureau.	
Yes	FED UP #25	FFEL Repayment - First Payment Due Date 682.209(a)		Allow the first payment due on all loan types to be up to 60 days from the repayment begin date.	
Yes	FED UP #27	FFEL Borrower Repayment Terms 682.209 (a)(8)(iv)		Delete the requirement that a borrower who has a repayment term of less than five years must submit a "written notice" to extend the repayment term beyond five years.	
	FED UP #33	FFEL Anticipated Graduation Date 682.209(a)(3)(I)(B) & (C)		Provide clarification that a lender is not required to change a borrower's anticipated graduation date or separation date when the date provided by the school is in the same month and year as previously provided regardless of whether or not the lender has already disclosed repayment terms to the borrower.	

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	FED UP #36	Late Disbursements “No fault” Late Disbursement 668.164(g)(3)(ii)	484B	Codify in regulations guidance which allows for late disbursements after the “90-day window” if the disbursement was due to “no fault” of the borrower.	Moved from Team 2
	FED UP #52	FFEL/DL Disability Discharge on Consolidation Loans 682.402 685.212 & 220		Revise the regulations to allow for a partial discharge of a consolidation for the portion that represents a PLUS loan when the student for whom that loan was taken out has died. Revise the regulations to allow for a partial discharge of a joint consolidation loan in the case of the death or total and permanent disability of one of the borrowers.	
Yes	ED Proposed 12/14/2001	Perkins Transfer of Fund 674.17		Clarify the existing requirement that institutions ending their participation in the Perkins Program must assign Perkins Funds to the Department, not to other institutions.	
Yes	ED Proposed 12/14/2001	Perkins Economic Hardship for Borrowers 674.34(e)(10)		Allow schools to base economic hardship deferment calculations on a borrower’s actual repayment schedule, rather than a 10-year repayment schedule.	
Yes	ED Proposed 12/14/2001	Perkins Assignment of Cancelled Loans 674.50(e)(4)		Allow schools to assign loans that have been granted disability discharges on or after July 1, 2002 to the Department.	

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Yes	ED Proposed 12/14/2001	Perkins Reimbursement to the Fund 674.50(g)(2)		Permit but do not require the Secretary to instruct an institution to reimburse the Fund if an assigned loan is unenforceable because of an act or omission by the school.	
	FED UP #26	FFEL Repayment- Three-times rule 682.209(a)(7) (ii)		Modify the rule that prohibits “balloon payments” that are more than three times other payments.	
	FED UP #53	FFEL Forbearance Simplification 682.211		To the extent allowed by law, eliminate the requirement that a borrower or endorser must “agree in writing” to the terms of a forbearance.	
Yes	FED UP #54	FFEL Copies of Promissory Notes 682.402(g)(1)(i)		Remove the requirement that a lender must “certify” that a note is a “true and exact” copy as part of its claim submission.	
	FED UP #57	FFEL Reinsurance 682.412		Clarify that ineligible borrower claims are considered “special claims” and are 100% reinsured.	<i>This appears not to be permitted under the statute.</i>

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	1/7/02 Suggestion	FFEL Disability Claims 682.402(h)(1)		Extend the time frame for review and payment of disability claims.	
Yes	1/7/02 Suggestion	DL Definition of Default		Change the definition of default for cohort default rate purposes for borrowers using the income contingent repayment plan option.	
	1/7/02 Suggestion	FFEL Unemployment Deferment 682.210(h)(2)		Simplify the unemployment deferment process.	
	1/7/02 Suggestion	FFEL Administrative Forbearances 682.211(f)		Expand lenders' authority to grant administrative forbearances.	

**ADDITIONAL LOAN AGENDA ITEMS FROM ED
2002 NEGOTIATED RULEMAKING
COMMITTEE I**

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Yes	ED	Perkins Loan Disbursements 674.2(b) 674.16(d)(2)		Remove the requirement that a borrower sign a promissory note for each award year in order to allow for the implementation of a master promissory note in the Perkins Program. Change the definition of “making a loan” to provide for loans made under a master promissory note. Add a definition of “master promissory note.”	
Yes	FED UP (not on 12/14/01 list)	Perkins Coordinating Multiple Monthly Repayments for Perkins Loans 674.33(b)(2)		For those students who received Perkins loans from more than one school, the student must initiate a request for an alternate calculation of the minimum monthly payment	
	FFEL COMMUNITY	FFEL/Perkins Promissory Notes 682.414(a)(5)		Allow for the destruction of paper promissory notes when the paper note has been electronically imaged, provided that adequate measures are taken in order to ensure that the imaged notes accurately reflect the information in the document, are accessible, and are capable of being reproduced.	

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	FED UP (not on 12/14/01 list)	FFEL/DL Entrance & Exit Counseling 682.604(f) & (g) 685.304		Revise and update entrance and exit counseling requirements.	
Yes	ED	FFEL/DL Loan Limits		Establish rules to clearly state that a school may not link “stand alone” programs to allow for higher annual loan level limits.	
Yes	ED	FFEL Sovereign Immunity – Proofs of Claim 682.402		Revise regulations so that a state GA need not file proof of a claim on a defaulted loan already held by the GA in order to qualify for ED reimbursement on complement of reinsurance. Allow GAs that intend to hold loans acquired through bankruptcy claims to notify their lenders not to file proofs of claim.	
Yes	ED	DL Master Promissory Note 685.102(b)		Revise the Direct Loan MPN expiration date provisions to reflect how we will determine an MPN's expiration date under Common Origination and Disbursement (COD) beginning with the 2003-2004 program year.	